

Message Text

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16

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 DRC-01 /132 W

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R 100628Z DEC 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1493

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E.O. 11652: N/A

TAGS: BEXP, EFIN, KS

SUBJECT: EXIMBANK FINANCING FOR ORIENTAL CHEMICAL SODA ASH
FACILITY

1. ORIENTAL CHEMICAL (OCIC) OFFICIALS CALLED ON EMBASSY DEC. 6
TO DISCUSS EXIM PRELIMINARY COMMITMENT FOR \$2.5 MILLION LOAN FOR
EXPANSION OF SODA ASH FACILITY. EXIM PC REQUIRES FIRM TO INCREASE
EQUITY BY \$2 MILLION BEFORE DISBURSEMENT OF ANY EXIM FUNDS.

2. ACCORDING TO OCIC, ECONOMIC PLANNING BOARD APPROVAL OF THE EXP-
ANSION PROJECT WILL BE GRANTED ONLY IF THE FIRM INCREASES EQUITY
BY \$2 MILLION BEFORE DEC 31, 1974. UPON CHECKING WITH EPB WE
WERE TOLD BY LEE, SUN KI, DIRECTOR OF THE ECONOMIC COOPERATION
BUREAU, THAT EPB ITSELF, IN ACCORDANCE WITH CURRENT ROKG POLICY
GOVERNING CREDIT APPLICANTS, WILL REQUIRE OCIC TO FINANCE 30
PERCENT OF EXPANSION COSTS, ESTIMATED AT \$6 MILLION FROM FIRM'S
OWN FUNDS.

3. OCIC OFFICIALS ADVISED FIRM HAS PLAN TO IMPROVE EQUITY POSIT-
ION BY CONVERSION OF FROZEN PRIVATE DEBT TO COMMON STOCK, PUBLIC
OFFERING OF NEW SHARES AND SALE OF NON-OPERATING ASSETS WITH
REINVESTMENT OF PROCEEDS. HOWEVER, INCREASE WILL NOT BE COMPLETED

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UNTIL THIRD QUARTER OF 1974 AS OCIC MUST COMPLETE ASSET REVALUA-
TION AND ARRANGE FOR ISSUE OF ADDITIONAL SHARES, A TIME- CONSUMING

PROCEDURE IN KOREA.

4. OCIC REPORTEDLY HAS CABLED EXIM REQUESTING RELAXATION OF REQUIREMENT THAT CAPITAL INCREASE TAKE PLACE BEFORE DISBURSEMENT OF EXIM FUNDS. AS COMPANY IS IN PROCESS OF CAPITAL INCREASE, WE WOULD URGE EXIM'S FURTHER CONSIDERATION OF MUTUALLY ACCEPTABLE CAPITAL INCREASE/DISBURSEMENT RELATIONSHIP.
UNDERHILL

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Message Attributes

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